

**South Dakota Commission on Gaming Quarterly Business Meeting  
Administrative Hearings and Proposed Rules Hearing Meeting  
Deadwood City Hall, Deadwood, South Dakota**

**MINUTES**  
**November 30, 2011**

At 09:00 a.m. the meeting was called to order. Commissioner Ralph Kemnitz, Commissioner Karen Crew, Commissioner Harry Christianson, and Commissioner Karl Fischer were present. Commissioner Dennis Duncan was participating in the meeting via telephone conference. Staff members present for the meeting were Michael Shaw, Commission Attorney; Larry Eliason, Executive Secretary; Craig Sparrow, Director of Operations and Enforcement.

**ADMINISTRATIVE HEARINGS**

The court reporter for the hearings was Jean Carlson. The following cases were scheduled to be heard:

- SDCOG vs. Doug King
- SDCOG vs. Sharon Johnson
- SDCOG vs. Michael Cadwallader

**SDCOG vs Doug King**

Mr. King was not present for the hearing. A complaint was filed alleging that on or about May 29, 2011 licensee stole slot machine coupons from the Four Aces Casino, a licensed gaming establishment at which licensee was employed and used the coupons to play slot machines. On Oct 13, 2011, Mr. King plead guilty and received suspended imposition of sentence for a felony, 2 years' probation and ordered to pay restitution of \$2,000 to Four Aces. Staff recommended that his license be revoked. The decision was deferred to Executive Session.

**SDCOG vs. Sharon Johnson**

Ms. Johnson was not present for the hearing. A complaint was filed alleging that on March 19, 2011, March 28, 2011, April 2, 2011 and April 16, 2011 licensee stole at least \$1,000.00 from the Gold Dust Casino, a licensed gaming establishment at which licensee was employed at the time. On November 1, 2011 the Circuit Court of the Fourth Circuit issued an Order Suspending Imposition of Sentence for the charge of Grand Theft By Embezzlement, a Class 4 Felony, which order placed licensee on probation for 2 years and ordered to pay restitution to Gold Dust. Staff recommended that her license be revoked. The decision was deferred to Executive Session

**SDCOG vs. Michael Cadwallader**

Mr. Cadwallader was not present for the hearing. A complaint was filed alleging that on November 1, 2011 licensee received a suspended imposition of sentence for the charge of Driving Under the Influence Third Offense, a felony, and was placed on probation for a period of 2 years. Staff recommended that his license be revoked. The decision was deferred to Executive Session.

A demonstration of the Casino War game was done off record.

### **Proposed Rules Changes**

Commissioner Christianson made a motion to amend the changes for Pai Gow Poker, replacing ways to rules. Commissioner Crew seconded the motion which carried unanimously.

Commissioner Christianson made a motion to approve the proposed rule changes as presented on pages 22-44 in the meeting packet. Commissioner Fischer seconded the motion which carried unanimously.

Upon conclusion of the proposed rule hearings Commissioner Kemnitz called a brief recess at 10:04 a.m...

### **General Meeting**

Commissioner Kemnitz called the general meeting to order at 10:10 a.m...

### **Approval of Agenda**

No changes were noted on the agenda.

No conflicts of interest were noted on the agenda.

Secretary of Revenue Andy Gerlach addressed the commission.

Bill Treger and Patrick Moore, representatives of Gaming Laboratories International, addressed the commission.

### **September 14, 2011 Meeting**

Commissioner Christianson made a motion to adopt the drafted minutes from the September 14, 2011 meeting. Commissioner Fischer seconded the motion which carried unanimously.

### **Racing Licensing Matters**

#### **2012 Live Horse Racing Dates Applications**

**Verendrye Benevolent Association  
North East Area Horse Racing, Inc.**

Commissioner Fischer made a motion to approve the racing dates scheduled for the Ft. Pierre and Aberdeen racing courses. Commissioner Crew seconded the motion which carried unanimously.

#### **Allocations of Funds for 2012 Racing Season**

Commissioner Christianson made a motion to defer action on resolution number 11-30-10-01 until a special meeting to be determined at a later date. Commissioner Crew seconded the motion which carried unanimously.

#### **Jockey Longevity Bonuses for 2012 Racing Season**

Commissioner Kemnitz made a motion to defer action on resolution number 11-30-10-02 until after the December 7, 2011 GOAC meeting. Commissioner Fischer seconded the motion which carried unanimously.

### **Pari Mutuel Business License Renewals**

### **Multi Jurisdictional Totalizator Hub**

#### **Bettor Racing, Inc.**

Commissioner Christianson made a motion to approve the Multi Jurisdictional Hub Business License Renewal for Bettor Racing, Inc. Commissioner Fischer seconded the motion which carried unanimously.

### **Simulcast Provider**

#### **Am West Entertainment, LLC**

Commissioner Christianson made a motion to approve the Simulcast Provider License Renewal for Am West Entertainment. Commissioner Crew seconded the motion which carried unanimously.

### **Simulcast Sites**

#### **Time Out Lounge, Triple Crown Casino, and Rider Up OTB**

Commissioner Christianson made a motion to approve the above Pari Mutuel Business License Renewals. Commissioner Crew seconded the motion which carried unanimously.

### **Deadwood Parking Lease**

Commissioner Christianson made a motion to approve the parking lease renewal with the City of Deadwood. Commissioner Fischer seconded the motion which carried unanimously.

### **Stipulations of Assurance and Voluntary Compliance**

Commissioner Christianson made a motion to accept the stipulations and monetary penalties of the list as presented on pages 81-98 in the meeting packet. Commissioner Fischer seconded the motion which carried unanimously.

At 11:20 a.m... Commissioner Duncan ended his participation of the meeting.

### **2012 Quarterly Meeting Dates**

Executive Secretary Eliason recommended approval of the following proposed quarterly meeting dates for 2012:

Wednesday, March 14<sup>th</sup>  
Wednesday, June 6<sup>th</sup>  
Wednesday, September 12<sup>th</sup>  
Wednesday, November 28<sup>th</sup>

Commissioner Crew made a motion to approve the 2012 tentative meeting dates. Commissioner Christianson seconded the motion which carried unanimously.

## **Deadwood Licensing Matters**

### **Key License Approvals**

Director of Operations/Enforcement Sparrow recommended the approval of the following Key Licenses.

Erik Olsby  
Michael McKee  
Cori Butler

Clinton Lurz  
Roy Sundstrom  
Mark Bidwell

### **Additional Key License Approvals**

Robert Wilson

Armen Czepyha

### **Key Renewals-2012**

Director of Operations/Enforcement Sparrow recommended the approval of the Key License renewals for 2012 as listed on pages 101-104 in the meeting packet.

Commissioner Fischer made a motion to approve the Key License approvals and Key License renewals that staff recommended. Commissioner Crew seconded the motion which carried unanimously.

### **Business License Approval and License Requests**

- ✓ Approval of the request of Craig & Nancy Murdock to move their three Retail licenses (**0458, 0459 & 0460-RT's**) currently assigned at Hickoks to an unassigned location effective the end of November.
- ✓ Approval of the request of Dakam to assign his three retail licenses (**0264, 0275 & 0476-RT's**) to Hickoks 1, 2 & 3 effective the beginning of December.
- ✓ Approval of the request of Ken Gienger to move his retail license currently assigned to the Mint 2 (**0410-RT**) to Celebrity 5 effective the beginning of December.
- ✓ Approval of the request of Tracy Island to move her Retail licenses (**0326-RT**) currently assigned at The Lodge #10 to an unassigned location effective the end of November.
- ✓ Approval of the request of Casey Borsch to assign his retail licenses (**0500-RT**) to The Lodge #10 effective the beginning of December.
- ✓ Approval of James Odell (**0097-DR**), Ian Blackburne (**0104-DR**), Stephen Morro (**0105-DR**), David Banks (**0106-DR**) and Lewis Flock (**0107-DR**) as Directors on the Aristocrat Manufacturers licenses (**0108-MA**).
- ✓ Approval of Josephine Linden (**0108-DR**) and William MCKenna (**0109-DR**) as Directors on the Bally Gaming Inc Manufacturers license(**0114-MA**).
- ✓ Approval of Ramesh Srinivasan (**4828-AP**) as an associated person on the Bally Gaming Inc Manufacturers license (**0114-MA**).
- ✓ Approval of the request to move the retail license currently assigned to Gold Dust 2A (**0476-RT**) and 2B (**0342-RT**) to unassigned locations effective the beginning of December. (Elks Bldg)
- ✓ Approval of NMD Ventures, LLC as the owner of a Property Owners License as it relates to their ownership of the Hickok's building. Owners are Clarence "Nick" Griffin, Mike Trucano and Dakam Mohamed Dakam.
- ✓ Please see supplemental Business License Assignment and Approval request that relates to Four Aces Gaming, LLC dba Gold Dust reorganization.

Commissioner Crew made a motion to approve the Business License Approvals and requests that the staff recommended. Commissioner Fischer seconded the motion which carried unanimously.

## **Supplemental Business License Assignment and Approval Requests**

### **SUMMARY**

The current ownership of Four Aces Gaming, LLC are in the process of reorganizing / dividing the company's assets which include 3 operating casinos; Four Aces, Gold Dust and 777. The owners are working with the Banks involved but at this date do not have the necessary contracts to complete the reorganization or for commission staff to review.

Staff requests that pursuant to SDCL 42-7B-11(10) the Commission grant approval to the following license requests on the specific condition that all required contracts are completed, and reviewed and approved by commission staff:

- ✓ Approval of an Operator, Route Operator and three retail licenses (**0227-OP, 0035-RO, 0510, 0511 & 0512-RT's**) for Dynasty Ventures, LLC dba Gold Dust Casino and that the retail licenses be assigned to building 1, 2 & 3.
- ✓ Approval of Tim Brennan as the owner of a 3<sup>rd</sup> retail license and the request to assign his 3 retail licenses to the Gold Dust 4, 5 & 6.
- ✓ Approval of the request of Neil Hague to move his 3 retail licenses currently assigned at the 777 to an unassigned location.
- ✓ Approval of the request of Tony Sieber to move his 3 retail licenses currently assigned to the Gold Dust to the 777 Casino.
- ✓ Approval of an Operator, Route Operator and three retail licenses (**0228-OP, 0036-RO, 0514, 0515 & 0516-RT's**) for Platinum Ventures, LLC dba Four Aces Casino and that the retail licenses be assigned to building 1, 2 & 3.
- ✓ Approval of the request of Teddie Jeffery to move her 3 retail licenses currently assigned at Four Aces 4, 5, & 6 to an unassigned location.
- ✓ Approval of the request of Nathan Kessler to move his 3 retail licenses currently assigned to the Gold Dust to the Four Aces 4, 5 & 6.

Commissioner Christianson made a motion to approve the above Business License approvals and requests that the staff recommended. Commissioner Fischer seconded the motion which carried unanimously.

Commissioner Christianson made a motion to go into Executive Session pursuant to SDCL 42-7B-8.1 (4), at 11:30 a.m.. Commissioner Fischer seconded the motion which carried unanimously.

### **EXECUTIVE SESSION**

After coming out of the Executive Session at 11:45 a.m., the following actions were taken.

#### **Decision SDCOG vs. Doug King**

Commissioner Fischer made a motion to revoke Doug King's license and impose a monetary fine of \$250 to be paid within one year. Commissioner Crew seconded the motion which carried unanimously.

#### **Decision SDCOG vs. Sharon Johnson**

Commissioner Crew made a motion to revoke Sharon Johnson's license and impose a monetary fine of \$250 to be paid within one year. Commissioner Fischer seconded the motion which carried unanimously.

**Decision SDCOG vs. Michael Cadwallader**


Commissioner Christianson made a motion to revoke Michael Cadwallader's license and impose a monetary fine of \$250 to be paid within one year. Commissioner Fischer seconded the motion which carried unanimously.

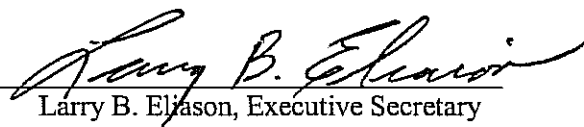
No further business to be discussed.

Meeting was adjourned at 12:00 p.m...

Respectfully Submitted,

Kathy Fredericksen

  
Ralph Kemnitz, Chairman

  
Larry B. Eliason, Executive Secretary